

EXHIBIT 1
DATE 1-29-07
HB 2-0 Sept. 07
TRANSPORTATION

**(H) JOINT APPROPRIATIONS SUBCOMMITTEE
ON
GENERAL GOVERNMENT AND TRANSPORTATION**

House Bill 2

**Testimony of Nancy K. Peterson
Director, Montana Department of Agriculture**

MADAME CHAIR AND MEMBERS OF THE COMMITTEE:

For the record, my name is Nancy K. Peterson, an agriculture producer from the hi line, and Director of the Montana Department of Agriculture. I am here to testify in support of Department of Transportation's New Proposal 1501, titled "Surface Transportation Litigation."

As a third generation farmer and rancher who was born and raised in the Havre area and for over 30 years now has raised wheat, barley, oats, flax, durum, canola and other crops, I am here to tell you that we, Montana's agriculture producers, are at the "absolute mercy" of BNSF Railway.

Montana is a captive shipper. There are no other options for producers who want to ship their grain to market, other than BNSF. They are the "only game in town" and they know it.

For every bushel of \$3 wheat, an additional dollar goes directly to BNSF for shipping costs. We might as well deliver every third or fourth crop of wheat directly to the door of the BNSF Railway. When you add increased freight rates, when you add fuel surcharges on top of that, when you combine the fact that it may

take 2 1/2 months to get your contracted wheat to the elevator, and when I watch Midwest crops go right by my door when I'm trying to get my crop delivered to the local elevator at a cost less than I can move my wheat from Havre to Portland, it hits home!! It hits home that you are at the mercy of one rail shipper, BNSF Railway.

We used to have grain elevators every six miles or so apart on the hi line. Today the option for the hi line, for the most part, is to deliver to a shuttle facility which would now be Wolf Point, Havre, Rudyard and Shelby. In some cases that means hauling your grain well over 100 miles.

For agriculture to remain the number one industry here in Montana, things must change. We have plead our case only to have it fall on deaf ears. These dollars are needed to help fight this captive rail situation for our Montana producers - the ones who are charged with feeding the world and growing a safe food supply. Farmers don't have the money it takes to do the cost analysis necessary for the Surface Transportation Board to take them seriously. We know the facts of our situation, but it takes professionals to bring our case forward.

So, on behalf of every Montana producer and on behalf of Montana's largest industry, I urge your support of this proposal. Thank you for your consideration.